



The Business Process Re-Engineering (BPR) & Benchmarking

Presented & Prepared by:
Dr. Erkan Doner (Industrial Engineer)



Business Process Re-Engineering - BPR

Learning Outcomes

- ☐ Be equipped with the principles and concepts of the BPR
- ☐ Be familiar with the characteristics of BPR processes & methodologies
- ☐ Have a comprehensive understanding of the BPR benefits
- ☐ Aware of which factors disrupt the BPR processes
- ☐ Obtain a clear understanding of the benchmarking and its processes
- ☐ Recognize areas of benchmarking and how to implement within the organization



Business Process Re-Engineering - BPR

Introduction

- ❑ Business process Re-engineering (BPR) has been receiving attention from industries and the academic community, as it is likely to change management practice and working processes in organizations.
- ❑ The entire technological, human, and organizational dimensions may be changed in BPR. Information Technology plays a major role in Business Process Re engineering. It provides office automation, allows the business in different locations, provides flexibility , permits quicker delivery and paperless transactions.
- ❑ Re-engineering identifies, analyzes, and re-designs an organization's core business processes with the aim of achieving dramatic improvements in critical performance measures, such as cost, quality, service, and speed.



Business Process Re-Engineering - BPR

History

- ❑ Introduced in the late Micheal Hammer's 1990 Harvard Business Review article.
- ❑ Promoted by Hammer and James Champy published book Reengineering the corporation.
- ❑ By the mid-1990s, BPR became popular as a justification for downsizing.
- ❑ The next new methodology, after BPR is Enterprise Resource Planning.





Business Process Re-Engineering - BPR

Definition

- ❑ Business process reengineering (BPR) is the analysis and redesign of workflows within and between enterprises in order to optimize end-to-end processes and automate non-value-added tasks.
- ❑ Business Process: “A business process is a collection of activities which together produces some value to the customer”
- ❑ Reengineering: Reengineering is fundamental rethinking and radical redesign.



Business Process Re-Engineering - BPR

Objective/Purpose of BPR

- ☐ BPR focuses on processes and not on tasks, jobs or people BPR advocates that enterprises re-examines from basics aims at total re-invention not small improvements. Example: “Hewlett Packard’s assembly time for server computers reduces to low-4 minutes”
- ☐ Improve Efficiency e.g reduce time to market, provide quicker response to customers.
- ☐ Increase Effectiveness e.g deliver higher quality.
- ☐ Achieve Cost Saving in the longer run.
- ☐ Increase Flexibility and Adaptability to change
- ☐ Enable new business Growth



Business Process Re-Engineering - BPR

The Definition of Re-Engineering

❑ Hammer & Champy (1993) provide the following definitions:

- ❑ **Re-engineering:** is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service and speed.
- ❑ **Business process re-engineering** is also known as Business Process Redesign, Business Transformation, or Business Process change Management.



Business Process Re-Engineering - BPR

The Principles of Reengineering

- ☐ Organize around outcomes, not tasks.
- ☐ Identify all the processes in an organization and prioritize them in order of redesign urgency.
- ☐ Integrate information processing work into the real work that produces the information.
- ☐ Treat geographically dispersed resources as though they were centralized.
- ☐ Link parallel activities in the workflow instead of just integrating their results.
- ☐ Put the decision point where the work is performed, and build control into the process.
- ☐ Capture information once and at the source.



Business Process Re-Engineering - BPR

Characteristics of the BPR (Lansing, 2000)

☐ Radical Improvement

Sustainable: Process improvements need to become firmly rooted within the organization

Stepped Approach: Process improvements will not happen over night they need to be gradually introduced | Also assists the acceptance by staff of the change.

☐ Integrated Change

Viable Solutions: Process improvements must be viable and practical.

Balanced Improvements: Process improvements must be realistic

☐ People Centered

Business Understanding, Empowerment, and Participation Organizational Culture



Business Process Re-Engineering - BPR

Characteristics of the BPR

☐ **Process Based**

Added Value: BPR Initiatives must add-value over and above the existing process

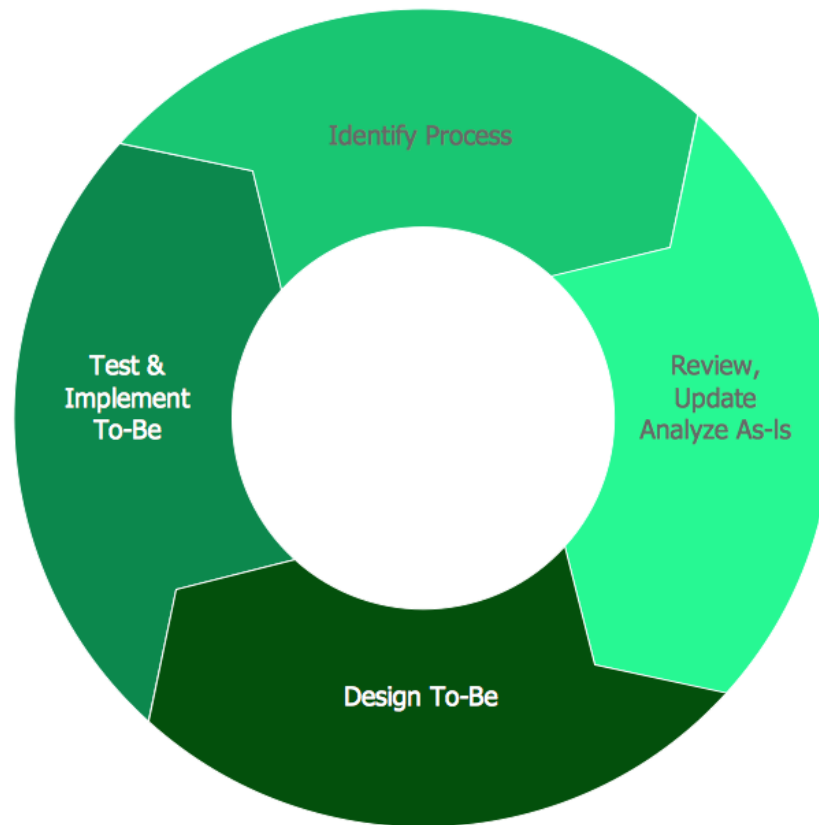
Customer-Led: BPR Initiatives must meet the needs of the customer

☐ **Focused on End-Customers**

Process improvements must relate to the needs of the organization and be relevant to the end-customers to which they are designed to serve.

Business Process Re-Engineering - BPR

Methodology of the BPR





Business Process Re-Engineering - BPR

Steps To Be Followed During the BPR (Neill & Sohal, 1999)

❑ Prepare for Reengineering

There must be significant need for the process to be reengineered. Identifying the customer driven objectives, the mission and vision statement is formulated.

❑ Map & Analyse As-Is Process

Understand the existing process and its shortfalls and improvement areas of redesign. Activity and process models are documented. Then, the amount and cost of each activity is calculated.

❑ Design To-Be Process

The objective of this phase is to produce one or more alternatives to the current situation that satisfies strategic goals of the enterprise.



Business Process Re-Engineering - BPR

Steps To Be Followed During the BPR

❑ Implement Reengineering Process

Using prototype and simulation method plans are designed and demonstrated. Training programs for the workers are initiated and the plan is executed in full scale

❑ Improving the Re-Engineering Process Continuously

The progress of action is measured on change acceptance in broader perspective of the organization, how well the employee are informed and their commitments.



Business Process Re-Engineering - BPR

Benefits of the BPR (Al-Mashari & Zairi, 1999)

- ☐ Eliminates waste, and obsolete or inefficient process.
- ☐ Significant reduction in cost and time.
- ☐ Revolutionary improvements in many business processes as measured by quality and customer service.
- ☐ Increasing the competitive advantage of both top and low level companies.
- ☐ Increase Effectiveness
- ☐ Helps to improve efficiency
- ☐ Meaningful job for employees
- ☐ Improvement in organizational approach
- ☐ Lower risks



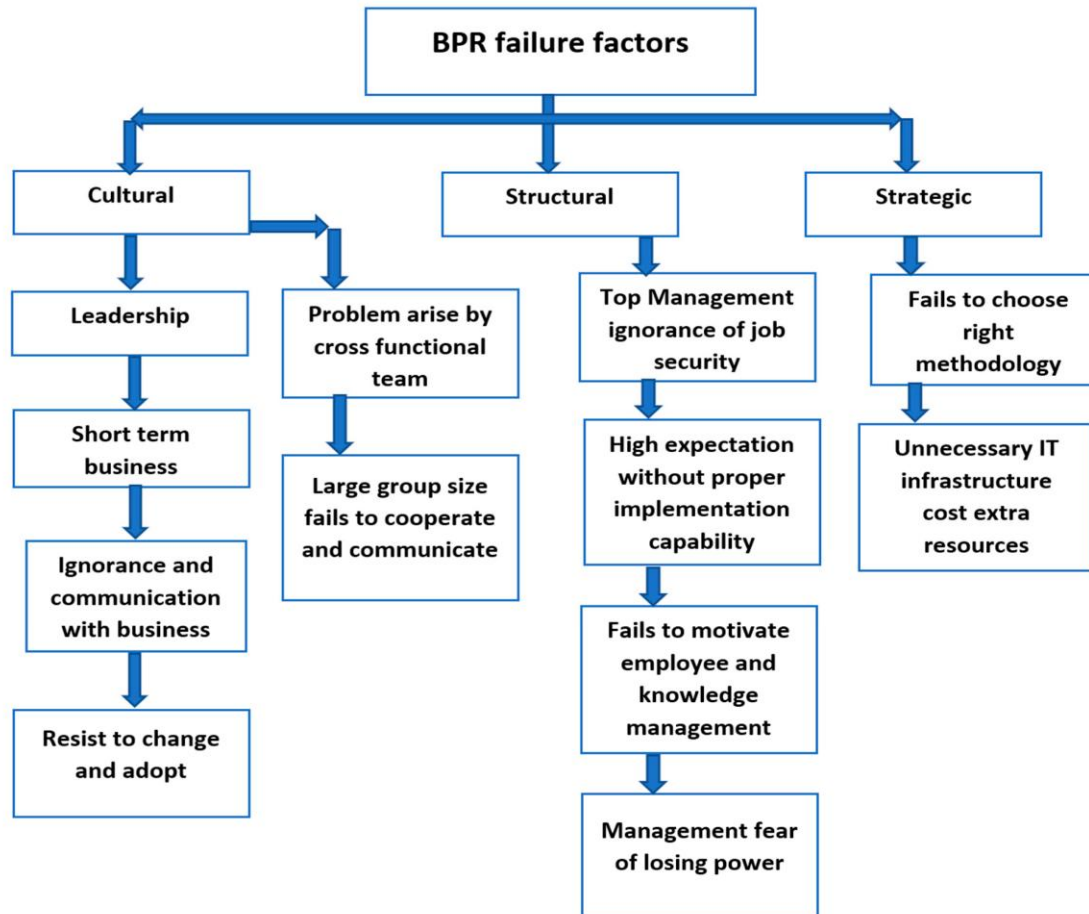
Business Process Re-Engineering - BPR

Focused Techniques of the BPR

- ❑ **Customer-focused:** Customer service oriented processes aiming to eliminate customer complaints.
- ❑ **Agility:** Dramatic compression of the time it takes to complete a task for key business processes.
- ❑ **Flexibility:** Adaptive processes and structures to changing conditions and competition.
- ❑ **Quality:** Obsession with the superior service and value to the customers.
- ❑ **Innovation:** Leadership through imaginative change providing to organization competitive advantage.
- ❑ **Productivity:** Improve drastically effectiveness and efficiency.

Business Process Re-Engineering - BPR

Factors can disrupt the Successful BPR Process (Cao *et al.*, 2001)





Benchmarking

What is the Benchmarking?

- ☐ Benchmarking is the process of identifying, understanding, and adapting outstanding practices and processes from organizations anywhere in the world to help your organization improve its performance (Camp, 1993).
- ☐ Moreover, the Benchmarking is;
 - ☐ A measure of best practice performance.
 - ☐ Seeking out and studying the best internal practices that produce superior performance.
 - ☐ The search for the best practices that yields the benchmark performance, with emphasis on how you can apply the process to achieve superior results.



Benchmarking

What are the types of Benchmarking?

☐ Strategic benchmarking

- ☐ To improve performance by examining long-term strategies

☐ Performance or Competitive benchmarking

- ☐ To compare performance with other companies

☐ Process benchmarking

- ☐ Focus is on improving specific processes and operations. Comparison is with organisations that perform similar work and deliver similar services.

☐ Functional benchmarking & Generic benchmarking

- ☐ Benchmarking with partners from different business sectors or areas with the objective of improving similar functions or work processes.



Benchmarking

What are the types of Benchmarking?

☐ Internal benchmarking

- ☐ Benchmarking within the same organisation, for example, from business units located in different areas

☐ External benchmarking

- ☐ Seeking outside organisations that are best in class.

☐ International benchmarking

- ☐ Benchmarking with companies located elsewhere in the world.



Benchmarking

General Areas of Benchmarking

- ☐ Financial performance (key financial ratios)
- ☐ Customer service delivery systems (response time/delivery time)
- ☐ Productivity measures (KPI's key performance indicators)
- ☐ Use of technology (dramatic improvements as a result of technology)
- ☐ Planning and project management practices (on-time completion of projects)
- ☐ Human resources management (labor productivity)
- ☐ Financial control systems



Benchmarking

Steps of the Benchmarking

- ☐ Identify the benchmarking model
- ☐ Scope process and team
- ☐ Map, understand and analyze process
- ☐ Refine process; change the obvious
- ☐ Design benchmarking study
- ☐ Collect information
- ☐ Analyze study results
- ☐ Design and implement improved processes



Benchmarking

Useful Sources empowering the Benchmarking Process

- ☐ Reports and studies by industry experts
- ☐ Targeted companies
- ☐ Site visits to companies
- ☐ Conferences
- ☐ Trade publications
- ☐ Consulting firms (McKinsey, PwC, BCG, etc.)
- ☐ Professional associations (OSD, TIM, OECD, etc.)
- ☐ Third party research firms
- ☐ Benchmarking databases



Business Process Re-Engineering - BPR

REFERENCES

- ❑ Al-Mashari, M., & Zairi, M. (1999). *BPR implementation process: an analysis of key success and failure factors. Business process management journal.*
- ❑ Camp, R. C. (1993). *A bible for benchmarking, by Xerox. Financial executive, 9(4), 23-28.*
- ❑ Cao, G., Clarke, S., & Lehaney, B. (2001). *A critique of BPR from a holistic perspective. Business process management journal.*
- ❑ Hammer, M., & Champy, J. (1993). *Business process reengineering. London: Nicholas Brealey, 444(10), 730-755.*
- ❑ Lansing, E. (2000). *A Benchmarking Method for Business-Process Reengineering and Improvement. International Journal of Flexible Manufacturing Systems, 12, 291–304.*
- ❑ O'Neill, P., & Sohal, A. S. (1999). *Business Process Reengineering A review of recent literature. Technovation, 19(9), 571-581.*